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**USAID AGRIFUTURO PROGRAM
WORK PLAN
OCTOBER 2012 – SEPTEMBER 2013
USAID AgriFUTURO
Mozambique Agribusiness Competitiveness**



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USAID AGRIFUTURO PROGRAM MOZAMBIQUE AGRIBUSINESS COMPETITIVENESS

WORK PLAN OCTOBER 2012 – SEPTEMBER 2013

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Acronyms

ACS	Agribusiness Service Cluster
ADRA	Adventist Development and Relief Agency
AgCLIR	Agricultural and Enabling Environmental
AGRA	Alliance for Green Revolution in Africa
AICAJU	Association of private enterprises in cashew
ALIMI	Cooperative in Cuamba District
AMPCM	<i>Associação Moçambicana para a Promoção das Cooperativas</i>
BAGC	Beira Agriculture Growth Corridor
BOM	<i>Banco de Oportunidade de Moçambique</i>
BDS	Business Development Services
CAADAP	Comprehensive Africa Agriculture Development Program
CAL	Corredor Agro
CEPAGRI	Centro de Promoção de Agricultura
CDN	Corredor de Desenvolvimento de Nacala
CLUSA	Cooperative League of the United States of America
COPSA	<i>Cooperativa de Prestação de Serviços de Mecanização Agrícola</i>
DCA	Development Credit Authority
DSV	<i>Departamento de Sanidade Vegetal</i>
DUAT	Direito de Uso e Aproveitamento de Terra
EE	Enabling Environment Director
EF	Emergent Farmers
FtF	Feed the Future
FOSC	Farmer Owned Service Center
GDA	Global Development Alliance
GIZ	German International Cooperation
GLOBAL GAP	Good Agricultural Practices
GRM	Government of the Republic of Mozambique
HACCP	Hazard Analysis Critical Control Points
ICIPE	International Center for Insect Physiology and Ecology
IFC	International Finance Corporation
IKURU	Mozambican Farmer Owned Company
INCAJU	<i>Instituto do Cajú</i>
INNOQ	<i>Instituto de Nacional de Normas e Qualidade</i>
IPEX	<i>Instituto de Pormoção de Exportações</i>
ISPM	<i>Instituto Superior Politécnico de Moçambique</i>
JD	John Deere

M&E	Monitoring and Evaluation
MIC	Ministry of Trade and Industry
MINAG	<i>Ministério da Agricultura</i>
MSU	Michigan State University
NGO	Non-Governmental Organizations
OLAM	Private Company
PAC	Project Advisory Committee
PMP	Performance Monitoring Plan
PPP	Public-Private Partnership
SADC	Southern Africa Development Community
SANA	Clusa, Africare, and Save the Children Consortium
SCIP	Strengthening Communities through Integrated Programming
SNV	Dutch International Development Organization
STTA	Short Term Technical Assistance
TNS	Technoserve
UEM	Universidade Eduardo Mondlane
UNILURIO	Universidade de UniLURIO in Nampula
USAID	United States Agency for International Development
USDA	United States Development Agency
USG	United States Government
VC	Value Chain
VCL	Value Chain Leaders

I. INTRODUCTION

I.1 AGRIFUTURO' S YEAR THREE STRATEGY

This Work Plan, for the period October 2012, to September 2013, is AgriFUTURO's (the Project's) final work plan. It describes the strategy and close out plan for the last year, based on the assumption that the Project will be extended from February, 2013 through September, 2013.

I.2 PROJECT STRATEGY

During this final year, the overall strategy is to consolidate gains and insure sustainability of Project initiatives as well as define and analyze lessons learned. This includes insuring that Project "legacies" (see below) have been successfully established and turned over to reliable follow-on partners. Project legacies, defined in the third year of operation, include:

- Establishment of viable mycotoxin and soil/seed testing laboratories.
- Expanding and/or establishing quality groundnut production with significant GDA involvement.
- At least 2 fully operative FOSCs in Beira and Nacala Corridors .
- Establish fully operative and sustainable ASCs linked to the Project value chains:
 - Corredor Agro – sesame and groundnuts
 - Cister - beans
 - MBFI – soya and pineapple
 - Olinotu – beans
 - Semente Nzara Yopera
 - APdeMadal – soy, sesame and groundnuts
 - Phoenix – soy and sesame.
- Assist an additional, scalable banana enterprise to begin operations.
- Establishing an MD2 pineapple multiplication site and identify recipients for commercial MD2 production.

To date, all the legacies outlined above have been established or successfully started and all exhibit probable sustainability. The Project is finalizing a grant for UNILURIO's lab; has expanded groundnut production in all three provinces in collaboration with MADAL and SA

Groundnuts; the Dombe and Angonia (from early Project work) FOSC's are functioning business cooperatives; with Project assistance, CAL and Lozane Farms have successfully worked with small holders and associations in expanding sesame, groundnuts, maize, cassava, and soybeans; the Project continues to assist ENICA and CORVUS (Mark Hassenkamp) in establishing new banana farms; and MD2 seedlings are now being multiplied in Nampula.

AgriFUTURO's final year will focus on insuring the sustainability of each of these significant, legacy achievements.

The project will continue to operate in Manica, Zambezia, and Nampula. The value chains will continue to be those mandated in the Feed the Future guidelines established in year 3 of the project; oilseeds (soy, sesame and groundnuts), pulses, cashews and fruits (mango, pineapple and banana).

A major component of the final year will be analyses of "lessons learned" through a series of reports to be drafted by third party STTA. Although not definitive, lessons learned analyses discussed during the most recent Partner's Meeting include a review of ASCs Corredor Agro and Lozane Farms; a review of the problems and opportunities missed in the banana sector; analysis of effective vs. ineffective grants; enabling environment achievements in association building and an analysis of Project efforts with mitigating the fruit fly and reopening markets for green bananas.

Additionally, a major task for the final year will be the identification of and focused support for the Project's most likely sustainable FOSCs, associated groups and cooperatives; those most likely to succeed and capable of performing as future models and catalysts for neighboring, associated groups. Groups considered marginal or lacking commitment will be dropped in order to focus energies and funding on those most likely to succeed. In order to identify potentially successful associations, the Project recently trained field staff in an Abt designed assessment process. This selection process is objective, using as key criteria, among other factors, institutional development, strength of strategic plans, viability of work plans, and financial records (past performance and future projections). The assessment process has already begun in both Manica and Nampula and will be employed in parts of Zambezia in the near future.

The Project will also continue to foster the development of strong ASCs with special emphasis on Corredor Agro, Lozane Farms, Olinotu, and Sementes Nzara Yaperu. All of these ASCs have demonstrated success and potential for sustainable development and expansion of small

holder and association linkages.

As mentioned above, at the beginning of the fiscal year, Project associated groups will be assessed for likelihood of sustainability and success. Those with limited capabilities or requiring more assistance than can be provided in the remaining year will be cut from the program in order to focus on potential winners. However, during the last quarter of FY 2013, we will start a phase out process disengaging from the weakest remaining ASCs and FOSCs first so that the last few months of the Project will be focused on assisting the “almost there” associations capable of becoming self-sustaining. As no new successor project has yet been designed, the Project will also link ASCs and FOSCs to subcontractor CLUSA’s on-going projects especially, the prospective Norwegian funded PROMAC Project.

Over the course of the next quarter, final decisions will be made in terms of value chain disengagement. Most likely and logically, due to its earlier harvest and marketing cycles, cashew activities will be stopped first. The project will also phase out of the fruits sector by the end of the second quarter of FY2013. Mango support will end first but assistance to MD2 multiplication, some degree of banana support, and to some degree assistance to small holder pineapple growers supported by World Vision will continue until the end of the Project. Oilseeds and pulses will be supported until the last 2 months of the project, synchronizing as much as possible with their respective crop cycles. Within these broad categories, the disengagement process will be achieved by establishing a priority system.

Cooperative and emerging farmer business training will be continued as needed through the end of the third quarter. Ongoing work in Enabling Environment initiatives such as association support, fruit fly mitigation support, and port efficiency initiatives will continue through the Project’s final close out.

Wherever possible, significant GDA and PPP initiatives will also continue until project close in order to insure sustainability for any small holders associated with such activities. However, the adding of new GDAs and PPPs will be suspended as of the end of calendar year 2012, unless an exceptional case can be supported.

The Project will continue to function with its subcontractors CLUSA and TechnoServe (TNS). CLUSA has enthusiastically expressed interest in maintaining its involvement through Project conclusion. With its ability to continue support in the oilseed and pulses sectors, the Project will link as many of its beneficiaries to CLUSA projects as possible.

The last quarter of the project will focus on final disengagements, drafting of final reports,

finalization of indicator tables, and the physical closing of satellite offices. The plan is to have all satellite offices closed between the end of July and the end of August, 2013. The Maputo office will close and all but essential personnel released by mid-September, 2013. All physical files, equipment, furniture and fixtures from all offices will be disposed of following USAID regulations. Subject to USAID approval, by August 30, 2013, title to all equipment under Project grants will be legally transferred to the respective grant recipients who have successfully complied with the stipulated grant “deliverables”.

I.3 VALUE CHAIN CLOSE OUT STRATEGIES

OILSEEDS AND GRAINS:

- Soybeans: Continued collaboration with Corredor Agro, Gani Comercial, Lozane Farms, Phoenix, Agro Pecuaria de Manica and several of the associations and FOSCs in respective value chain expansion and yield improvement. Continued identification of new markets for associated groups. Support and expansion of new varieties bred and disseminated by IITA. Soybeans will continue to be an important value chain under CLUSA’s new, 5-year, Norwegian funded PROMAC (Promoção de Agricultura de Conservação) project. This project will target 54,000 smallholder farmers and will include all of the AgriFUTURO target areas. The Project will work with CLUSA to include most of its oilseed beneficiaries under the PROMAC project.
- Sesame: Continued collaboration with Corredor Agro and Madal in their efforts to expand and/or introduce sesame production in Nampula and Zambezia provinces. The Project will continue to support and monitor progress by Phoenix in Manica, in introducing a new variety. Assistance for other relevant ASCs and FOSCs in optimizing sales, improving yields and mitigating the flea beetle, will continue. With reference to the flea beetle, support will be given to Kenya based, Real IPM in the rollout of understanding of their program here in Mozambique. Last, but not least, the linkage between FOSC Dombe and OLAM to develop white sesame in the region.
- Groundnuts: The SA Groundnut initiative will be actively pursued in Nampula, Zambezia and Manica provinces. Special attention will be paid to the joint effort between SA Groundnut

and Madal in support of ADRA associations in Zambezia and in the formation of a new joint venture for seed multiplication. Additionally, plans discussed with Gani Comercial for small holder support of using groundnuts (and/or soybeans) as rotational crops to Maize will be carried out this year. Finally, the new joint venture between Phoenix and UK based Cannon Garth, Ltd.

- Pulses: This will be only the second year of support for this value chain. At the end of this quarter, the project will analyze results from the first year's production and make adjustments accordingly. The Project will also identify potential, new, domestic and international markets for beans. Continued cooperation with CAL, CISTER and OLAM will include linking additional beneficiaries capable of producing quality beans. Specific initiatives with commercial companies and farmers are as follows:
 - Project will promote conservation farming in collaboration with CISTER common bean production in Molocue (Zambezia) and Rapale (Nampula)
 - In partnership with ADRA, pigeon peas will be produced in Zambezia for sale to CISTER and/or OLAM
 - Black eyed peas will be produced in Rapale for sale to CISTER
 - AgriFUTURO has linked CISTER to CAL who will produce black eyed peas for CISTER
 - CAL will also promote mung bean production with Project assistance
 - In partnership with SANA's FOSCs, the Project will will promote mainly cowpeas and mung beans
 - FOSCs established with ADRA will produce Pigeon Peas to be traded either to OLAM or to CISTER.

FRUITS:

- Bananas: The program will continue its efforts in Fruit Fly mitigation in both corridors. Continued support of ongoing programs at Matanuska, Jacaranda and Enica in such things as quality control will continue - an effort to facilitate those companies with Global GAP will be done. Continued assistance to Essufo Valy in Manica, as well as three smaller banana growers on the outskirts of Nampula to establish themselves as solid, commercial suppliers to the domestic market. Emphasis will be on follow up with Corvus (Mark Hassenkamp) in

establishing its export operations based in Nampula. Enica will continue to get assistance from TNS with capital raising.

- Pineapple: Although a modest start, the MD2 pineapple nursery in Nampula is progressing well. As described in previous work plans, this initiative will remain in the “crop multiplication” phase through Project close. However, a list of potential commercial customers for planting material will be identified before the end of the Project. Support for World Vision’s small holder pineapple associations near Quelimane, begun in FY 2012, will continue developing improved agricultural practices and counsel on expanding planting throughout the year to meet market demand.
- Mango: Despite continued problems in exporting mango due to fruit fly invasion, the Project will continue to support the Manica mango growers at a modest level both directly and via FrutiCentro. Support will also be given to the NEPAD Business Foundation’s rollout of a fresh produce hub in Manica. The recently completed irrigation studies for three Manica commercial growers will be delivered for potential use in Local Currency Grants. In Nampula, we will continue to support the work of Hortifruti (Miquidade) in the development of viable saplings at his nursery. As, to date, Miquidade has been dependent on NGOs and local government demand for his seedlings, the Project will also link HortiFruti, to the Corvus program as it rolls out.
- Cashews: Cooperative work with GiZ in Nampula Province will continue. The two STTA consultants will continue working with associations and AICAJU. The consultants have been working to establish small processing centers within some associated groups. This work will be reinforced and expanded where possible. As large processors are now aware of the necessity to improve quality, the quality control efforts performed by Rachid Sultana will be reinforced. The project will continue to employ Sultana, a TNS employee, through the end of AgriFUTURO.

Although his plant has yet to start operations, Don Larsen’s Sunshine Nuts has obtained orders from both Whole Foods in the US and Pick-N-Pay of South Africa. Therefore, TNS will provide an STTA to promote the growing of cashews in targeted communities (starting in Gile) and to implement a traceability system. Assistance with the implementation of Quality standards will continue. TNS will provide a feasible work plan for radio programming in order to stimulate cashew planting and improve quality for Sunshine Cashew Nuts production facility as well as others. In addition, TNS will work on a cashew promotion campaign to raise awareness for

industry development and local product branding. TNS will also consult with GIZ in an effort to provide a “best Practices” Manual. GIZ has already drafted such a manual for agriculture while TNS will take the effort through the processing phase.

I.4 OTHER PROJECT CLOSE OUT STRATEGIES

The Project will hire third party STTAs to pursue specific topics to inform “Lessons Learned” documentation. AgriFUTURO believes that the many project successes need to be documented. Likewise, the problematic initiatives need to be studied to determine what went wrong and/or where future programming might improve. While not definitive, the following project initiatives should be reviewed:

- The screening process for ASC and FOSC candidates needs to be reviewed, an assessment process designed and stringently applied.
- Successful ASCs and FOSCs, such as Corredor Agro, Lozane Farms, and Sementes Nzara Yaperá as well as the Dombe and Angonia FOSCs will be reviewed to determine what elements of their respective programs led to success.
- ASCs such as Vinson G&G and Phoenix will also be reviewed to determine why their programs have been less successful.
- Enabling environment successes, such as the fruit fly and port logistic studies will be reviewed to ascertain actual level of impact.
- The process and impact of assisting associations become cooperatives will be reviewed focusing on Dombe, Olinotu and others.

2. OTHER COMPONENT ACTIVITIES:

2.1 ENABLING ENVIRONMENT FOR AGRIBUSINESS:

The enabling environment component of the Project will concentrate its efforts on consolidation of work performed to date:

- Develop a Stakeholders base for change:
 - Continue ongoing efforts with “Friends of Agribusiness” in support of G8 and Grow Africa.

- In cooperation with GiZ, continue efforts to strengthen AICAJU (Associacao dos Industrias do Caju), and possibly expand this cooperation to encompass other components of the overall program which are of mutual interest.
- Continue administrative support and strengthening of FrutiCentro and promote the establishment of FrutiNorte. At the National level, support establishment of a National Fruit Growers Union in cooperation with FrutiSul, linking them with fruit associations in the center and the north.
- The goal in all cases will be self-sustainability beyond the life of the AgriFUTURO project.

- Develop a National Competitiveness Strategy:

Building from the AgCLIR assessment process, continue to promote appropriate reforms using, as vehicles for change, the above mentioned “Friends of Agribusiness”. Build on the relationship established with the Monitor Group, focusing on promoting cooperation with other donor organizations, etc. The GOM, through the Minister of Agriculture (MINAG), has adopted the AgCLIR document and implementation of its recommendations. The Project will continue efforts to strengthen CEPAGRI and to assist them to act as a bridge between the GOM and the agricultural private sector.

- National Reform through Support of specific action Programs:

- Continue work on the Fruit Fly initiative: In cooperation with MINAG-DSV continue the monitoring and mitigation initiative. Disseminate and act on the findings of the University Eduardo Mondlane work group study on the economic impact of the presence of the fly. Continue the dissemination of the now scientifically proven fact that green bananas under refrigeration are NOT hosts to fruit flies. The claim that green bananas are fruit fly hosts is a clear violation of the spirit of cooperation in opening markets within SADC and AgriFUTURO will redouble its lobbying efforts to open SADC and other markets both directly and in cooperation with the SPEED project. The program in fruit fly trapping and mitigation, the program will be expanded significantly in the northern and central parts of the country using the new USDA/USAID fund.
- The current status of the Ports and Logistics has been demonstrated to be inhibiting economic development of the agribusiness sector. Accordingly, the Project will promote and lobby for change as outlined in the recently completed “Logistics Review of the Beira and Nacala Corridors”. The Project will focus on developing and supporting port/logistics stakeholder groups to lobby government.

- Cooperatives: A major area of success, the Project will continue to strengthen associated groups in cooperation with CLUSA, SANA, ADRA and World Vision and assist in the continued establishment of smallholder cooperatives. As part of this strengthening and support process, the Project will conduct a variety of business training programs in conjunction with CLUSA and AJAP, a Portuguese Young Farmers Association, that will conduct a mechanization training course in both corridors in October, 2012.

Currently, and over the next two quarters, the Project is conducting education and awareness seminars for relevant civil servants at the provincial registry, commerce and treasury departments to facilitate further implementation of the 2009 cooperative law, and supporting AMPCM in the dissemination of the law through various, public meetings around the Project's authorized areas of involvement.

- Laboratories: Nationally, low crop yields are in part the result of low use of fertilizers as well as of poor seed quality. In addition, the danger of aflatoxin contamination in major crops (groundnuts, maize, etc.) needs to be understood and mitigation information disseminated. Mozambique needs certified labs capable of testing for aflatoxin before commodities enter either the local or international marketplace, providing reliable, lack of contamination certifications. In order to develop the use of fertilizers appropriate to soil types, test seed germination, and initiate mitigation and educational efforts on aflatoxin, the Project has been and will continue to support the establishment of certified laboratories to test soil and seed integrity as well as aflatoxin. The Project continues to target UNILURIO in Nampula and ISPM in Manica as laboratories to do all or part of this important testing. To achieve the highest level of laboratory support, the Project will also continue to coordinate with the World Food Program, the Government of the Netherlands, and indirectly (through the Ministry of Science and Technology) with the Government of Finland. With the advent of CLUSA's PROMAC project, these laboratories will also play an increasingly important role in measuring the effects of Conservation Agriculture (CA) on soil health.
- Warehouse Inventory Credit Financing: Access to affordable credit is another problem for sustained development of the agricultural sector. While multiple initiatives have been tried (most notably the USG's DCA programs) it remains exceedingly difficult to arrange for agricultural financing especially for small holders. In order to promote new ideas and solutions to financing, the Project will work with Banco Terra/Rabobank in programming a workshop on warehouse inventory funding. The Project will then work with Banco Terra to follow up on any details towards implementing such type of financing.

2.2 BUSINESS DEVELOPMENT SERVICES AND CORRIDOR SPECIFIC STRATEGIES

In both corridors, the Project will complete the associated group assessment process with the objective of winnowing down the number of associate groups within the project portfolio. In order to concentrate remaining time, effort and funding on those groups likely to succeed, the assessment based winnowing process must be completed by the end of calendar, 2012.

For GDAs and PPPs, the project will concentrate on existing commercial GDA/PPP partners insuring that the work done to date is sustainable and scalable. However, new GDA and PPP partnerships will be considered on an exceptional basis and where the Project feels that there will be sufficient sustainable impact with the remaining months.

NACALA CORRIDOR:

- Continued cooperative/association assistance in business planning and organization.
- Support to associations and cooperatives in credit and risk management.
- Focus on support for female entrepreneurs.
- Linking ASS Microcredit (Nampula) with cooperatives created in partnership with SANA (cashew processors).
- GAPI (Zambezia): support a GAPI pilot project for the development of cooperatives formed in partnership with ADRA.
- GAPI (Nampula): support of women's agro-processing initiatives with special focus on IKURU's women's groups.
- STTAs:
 - Organization of business plans and concept papers for Gurue based cooperatives formed in partnership with ProSoja
 - Support to MBFI (Alti Steenkamp) and Lozane Farms (Bakir Lozane) in preparation of bankable documents for Grassroots Business Fund (investment fund and mezzanine lender)
 - Identification and demarcation of areas for organic groundnut development
 - Initiate partnership with AJAP (Portugal) for training, young farmer education and to provide links with external markets. AJAP and CLUSA, as both entities have similar mandates and have funding to continue beyond the life of the AgriFUTURO project, will

play key roles in the Project's plans for sustainability and continued assistance to current Project clients

- STTA project to conduct Market Research by TNS to update market information for the fruits sector. Such information will inform investor "road shows" to promote direct investment in the sector. The information will also inform AgriFUTURO-like successor projects as to the potential for new markets.
- STTA in a form of business plan project will possibly be provided by TNS to a new cashew roasting investment in Nacala.
- TNS will provide an STTA to develop a Cashew production and processing best practices guide.
- ASC Support:
 - Continued identification and linkage of ASCs to new markets
 - Linkage to affordable agricultural financing and investors for commercial farms and smallholder associations
 - Linking smallholder producers to commercial farms and local, regional, and international markets
 - Equipment training ...use and maintenance/repair in partnerships with AJAP and John Deere.
- FOSC Support:
 - Evaluation of FOSCs (Capacity/Management/Sustainability)
 - Training in Quality Assurance
- Fruits:
 - Assisting WVI's small holders in Zambezia to grow local pineapple varieties year round (vs. seasonal). Support expanding the pineapple market for nutritional purposes as well as a cash crop for the production of ethanol
 - Support the establishment of new local banana producers (Nampula)
 - General support to Corvus, a new fruit producer to include land identification and registration (on-going), assistance in sourcing quality seedlings (Miquidade and possibly Joel Cossa), and support with local government introductions and document processing.
- Short Term Challenges to BDS:

- Establishment of registered South African Groundnut/Madal partnership as a Mozambican, seed development company for groundnuts;
- Further strengthen support of the efforts of CAL, Madal and SA Groundnuts to work together and with entities like Gani Comercial, etc.
- Through assistance with business and strategic plans, support beneficiaries in obtaining funding from the Grassroots Business Fund;
- GANI is planning to bring several, South African farmers to develop its property. AgriFUTURO will link the So. African group to reliable local farmers and associated groups capable of providing outgrower services.
- Other Nacala Corridor (Legacy) Initiatives to be Continued:
 - Establishment of functioning laboratory at UNILURIO;
 - Establishment of a seed processing unit in Molocue (Lozane Farms);
 - Establishment of a solid base for the commercial development of the MD2 variety of Pineapple;
 - Establish a base for the multi-year process for groundnut organic certification in the areas of Namaita and Calipo;
 - Creation of a FrutiNorte association; linking it to FrutiCentro and FrutiSul.

BEIRA CORRIDOR:

- The Project has ongoing efforts in the following Manica Districts: Sussedenga, Mossurize, Gondola, Barue, and Manica.
- Continued support for approximately 34 PPPs (international and domestic) established during LOP.
- New opportunities to be pursued in the Beira corridor include:
 - Investigate potential for MD2 Pineapple development with EAM, and with local associations and cooperatives interested in development of the local clone, as well as with World Vision for an initiative similar to that in Zambezia.
 - Establish animal traction pilot with Dombe associations growing white sesame.
 - Introduction of conservation agriculture technology with various associations.
 - In collaboration with SA Groundnut, introduce groundnuts as a soil developing, rotation crop.
- Other On-Going Beira Corridor (Legacy) Initiatives:
 - Dombe Cooperatives (CKK and KCU) established as a sustainable FOSC
 - ISPM/Centro Educacional Njerenje as a laboratory and entrepreneurial farmer/ farm manager training center
 - Continued expansion of soybean and groundnut areas and continued improvement in yields.
 - Finalize business plan for Higest expansion project

2.3 QUALITY CONTROL:

Improving processing and production quality has been focused primarily on the cashew value chain. However, some quality assistance has been provided to both the fruit and oilseed value chains. During this final year, continuing to work with existing and new cashew processors, training in Best Practices for Warehouses (BRC) and quality improvement strategies will be offered to FOSCs and associated groups in Manica focusing primarily on the cooperatives in Dombe and Barue. In Nampula Province, assistance will be provided to those fruit growers desirous of attempting GlobalGap registration.

Pack house best practices and quality control will also be offered to mango and banana growers.

2.4 LINKAGES TO FINANCIAL SERVICES

The Program will continue efforts to work with banks willing to finance small holder associations and commercial farms. While all banks will be pursued, the project will focus on Banco Terra using its USAID DCA as an incentive for taking credit risk. AgriFUTURO will also promote limited supplier credits with Lozane Farms, CAL and other commercial farms where there is reasonable likelihood for repayment. The Project will also continue to seek investors and equity or mezzanine funders such as Grass Roots Business Funds and BAGC/AgDevCo for project beneficiaries.

Finally, the Project will work with GAPI, BOM and ASS Microcredit to finance small holder working capital and other initiatives under existing MOUs.

- Possible Equity Financing:
 - Two active projects in the works (Lozane Farms and MBFI/Steenkamp)
 - Databank Agrifund, Carbon Africa Ltd., Silverlands Investments, etc.
 - New initiatives Micro-credit:
 - ASS Microcredit: actively working with them to establish a program in Nampula Province
 - GAPI: actively working with them to establish a program in Zambezia Province; already in operation with them in Manica (both loans and business training activities)
 - Possible New Player: US EXIM Bank/ Atrafin – the Project will promote EXIM to project beneficiaries planning on importing US equipment and will potentially partner with the American Chamber of Commerce to identify potential clients. Atrafin, a US based company, structures export credit transactions. It will be visiting Mozambique in mid-to-late September to identify potential clients in Mozambique.

2.5 GRANTS PROGRAM AND THE SEGUE IN THE LOCAL CURRENCY FUND:

Until recently, the project grants fund had limited uncommitted funds. What was left (less than

\$70K) was earmarked for discretionary grants, especially grants for the developing gender strategy. However, earmarked irrigation grants will now be shifted to the local currency fund (LCF), freeing up approximately \$250K. As the LCF has been delayed, and because there is significant demand for funding, the project will use the approximately \$275K, available for additional grants to support soy processing, a gender based warehouse and seed cleaning operation, and other strategic projects estimated at less than \$100K each.

The Project has developed a significant list of potential grant recipients for the LCF fund, and some submissions have been prepared or are in process. We hope that the LCF will be operational shortly.

3. CONSTRAINTS AND PROPOSED SOLUTIONS:

Gender: the program is late in developing an effective gender strategy: The Project is waiting for USAID approval of an STTA gender consultant who will develop a Project gender strategy and train field personnel on gender issues. The gender strategy is to include discretionary grants where appropriate up to a total of \$50K. In addition, all existing grants include gender equity components and require M&E data to identify the way in which women's involvement has been established/guaranteed under the grant. In the Nacala Corridor, we have identified and are promoting the development of female entrepreneurs, such as Olinda Fonda, Judite Macuacua and a grant for the female owned grain and oil seed marketing company, Gramiter.

Seed and planting material quality: The Project continues to promote the development of local seed development companies (Sementes Nzara Yaperá, Lozane Farms, the proposed joint venture between SA Groundnut and Madal in Zambezia to develop groundnut seed, and Hortifruti for saplings of Mango, Cashew, etc.). Through Project support there will be a seed integrity lab as part of the UNILURIO laboratory development. We hope to establish a soil and seed integrity lab at ISPM as well. The establishment of the MD2 variety pineapple nursery will also guarantee the availability of this top quality clone domestically.

“Farm and Agribusiness Managerial Capacity Building”: The project actively promotes assistance to the Young Africa and Centro Educacional Njerenje programs to train and successfully launch young entrepreneurial farm managers. The Njerenje program at ISPM includes a joint training program in small scale irrigation in cooperation with iDE (MOU recently executed). Additionally, the project will continue to offer training sessions in business management at farmer cooperatives.

Expensive and inefficient logistics: the “Logistics Review of the Beira and Nacala Corridors” has stimulated the necessary attention to the country wide logistics problems. The project will continue to work with stakeholders, the GoM, and the port operators to improve Mozambique's competitiveness by reducing port costs that accrue to the private sector.

High cost and lack of agricultural inputs: The project continues to work with IFDC and with several suppliers to improve supply networks (ProCampo, Dengo Comercial, Gani Comercial, etc). The Project will also engage with CLUSA's PROMAC project that will create a network of input suppliers, distributing inputs through commissioned agents.

4. CONCLUSION:

The AgriFUTURO Project has made a substantial impact in promoting agri-business development in Mozambique, with the pace of implementation of this impact having picked up over the last year as the program becomes better known. This is expected to continue through to the Project's completion in September, 2013.

Between now and the end of the second quarter of 2013, we expect to complete an exercise on "Lessons Learned" which can probably be of help in structuring whatever successor program is to follow AgriFUTURO.

APENDIX A: PROJECT TIME LINE

TABLE I. COMPONENT I SCHEDULE

Activities & Tasks FY 2013	Oct-13	Nov-13	Dec-13	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Activity/Task Lead
Activity 1.1: Develop a Stakeholder Base for Change													
<i>Institutional/organizational development:</i>													
Finalize registration and readiness of FRUTINORTE													
1. Get approval from Governor of Nampula and complete registration													EED
2. Support the operational plan of the association													EED
Finalize the Establishment of National Fruit Association													
1. Legal registration of the association													EED
2. Strategic/operational plan for the association													EED
3. Support the establishment of a working memorandum with CTA													EED
4. Evaluate the progress towards sustainability of the association													EED
Consolidate Assistance to Strengthen AICAJU													
Continue assistance for the integration/forms of linkages between smallholders and processors													EED
Assist AICAJU in the preparation of the matching grant proposal to Aci - ACA													EED
Assess AICAJU sustainability plan in the integration with smallholders													EED
Recommend sustainability strategy for AICAJU													EED
Activity 1.2: Develop National Competitiveness Strategy													
Assess "Friends of Agribusiness" forum meetings results													EED
Disseminate results to members of the "Friends of Agribusiness" forum.													EED
Hold "Friends of Agribusiness" forum meeting													
1. Disseminate the objectives of the next meeting													EED
2. Hold the meeting													EED
Consolidated report on the status of implementation by various institutions of the AgCLR recommendations													EED
Support the Ministry of Agriculture, through CEPAGRI implementing Monitor group's recommendations on "stimulating private sector investment in Agribusiness".													EED
Activity 1.3 Develop a National Competitiveness Reform Agenda:													
Implement Enabling Environment Activities from the value chain competitiveness strategies and value chain action plan													
<i>Aflatoxin:</i>													
Complete an analysis of the aflatoxin situation in Mozambique and draw recommendations for follow up programs													
1. Prepare Scope of Work													EED
2. Hire STTA													EED/OM
3. Undertake the assessment													EED/STTA
4. Disseminate results in a workshop													EED/STTA
5. Recommend the way forward													EED
Support the consolidation of UNILURIO needs to complete the lab													EED/BDS/OM
Assist IITA in the implementation of the USDA/USAID Aflasafe project													EED/BDSD
<i>Cooperatives:</i>													
Support AMPCM implementing the cooperative law and regulations													
1. undertake dissemination sessions to different interested parties													EED
2. Support other projects in the establishment and operationalization of Cooperatives													EED/BDSD/VCLs
<i>Logistics review of the Corridors of Nacala and Beira:</i>													
Disseminate the final report on the logistics review of the Beira and Nacala Corridors													EED
Finalize the recruitment of a STTA to follow up on the activities at the Beira and Nacala Corridors													EED/OM
Undertake corridors user's engagement at both corridors													STTA
Establish linkages between the users and the ports, railways, customs, roads and other logistics service providers													STTA
Prepare logistics operations manuals for the users													STTA
Disseminate the logistics manuals													EED/CM??/STTA
<i>Fruit Fly:</i>													
Support the Ministry of Agriculture, DSV continuing with the monitoring and surveillance activities													EED
Support the Ministry of Agriculture in the negotiation to unban the export of bananas to the regional markets													EED
Support the Ministry of Agriculture, UEM and the producers experimenting and introducing alternative treatments for mangos and other fruits to prevent fruit fly attacks and access markets.													EED
Awareness workshop on the economic and social impacts of fruit fly, based on the recently completed analysis.													EED
Partner with SPEED to Work with the Ministry of Agriculture and Ministry of Finance (Autoridade Tributaria) to incorporate exemption of Import duties for agriculture related equipment not specified agriculture (case of especial storage equipment...)													EED/VCLs
Workshop on inventory credit systems													EED/BDS/VCLs

TABLE 2. COMPONENT 2 SCHEDULE - YEAR THREE WORKPLAN ACTIVITIES AND DELIVERABLES

COMPONENT 2: Expand and Strengthen Agribusiness Development Services

Nacala Corridor

Partner and Activities	Responsible Party	FY13												Comments
		O	N	D	J	F	M	A	M	J	J	A	S	
A. 5 FOSCs in Partnership with ADRA														
Activity 2.2: Roll-Out and Expand Farmer Owned Service Centers														
Work Plan Updating	VCL& VCL- Assistant	■												
Monitor the process of new cooperative law dissemination			■											
Unions assessment - management capabilities and sustainability assessment	STTA & VCL- Assistant	■		■										
Link future cooperatives to AMPCM for registration and partnership					■	■								
Support on strategic plan preparation for the growers unions	STTA			■	■	■								
Promote growing contracts – Unions and Private Sector	VCL					■	■	■						
o North – Unions and OLAM	VCL-Assistant	■		■	■	■	■	■	■	■				
o South – Unions and Madal			■		■	■	■	■	■	■	■			
Linkages with new technologies	VCL& VCL- Assistant	■	■	■	■	■	■	■	■	■				
B. 18 FOSCs in Partnership with SANA														
Activity 2.1: Develop Value Chain-Focused, Private Sector-Run Agribusiness Service Clusters														
Cooperative assessment visits	ASSM/VCL	■										■		
Selection and mapping of potential cooperatives			■									■		
Activity 2.3: Build Capacity of Service Providers														

in the target Value Chains														
Training in Business Management	ASSM/VCL													
Organization of the cooperative management team														
Build capacity of cooperatives management team														
Build capacity of cooperatives members in general business management awareness														
Support on identifying business developments trends														
Support on business development														
C. 6 FOSCs in Partnership with ProSoja														
Activity 2.2: Roll-Out and Expand Farmer Owned Service Centers														
Task I: Convert COPSA into cooperative	VCL													
Cooperative creation (legal and comercial, status)														
Internal organization and regulations														
Mentorship														
Task II: Business Development and Restructuring	VCL													
Working plan	VCL													
Hiring a STTA	VCL													
Development of Operational and management plan	STTA													
Market study for the new services	STTA													

Activity 2.3: Build Capacity of Service Providers in the target Value Chains															
Capacity building of LOZANE FARMS field technicians	VCL														
Training on Rural Communication Skills	STTA														
Training on Agrochemical Management in According to USAID directives	VCL Assistant														
Training on environment awarness															
J. ACOF															
Activity 2.1: Develop Value Chain-Focused, Private Sector-Run Agribusiness Service Clusters															
Support ACOF's outgrowing and seed production program															
Support the outgrowing scheme	Supervisor														
Mapping of potential areas for groundnuts and sesame															
Meeting with growers groups for potential growers identification															
Groundnuts and sesame seed multiplication program															
Technical assistance on season planning	Supervisor														
Support on season planning and on activity calendar development															
Support on production contract negotiation with smallholders															
Support in negotiating contracts for good quality input acquisition with IITA /TNS															
Support on agricultural practices dissemination															

Park management plan	BDS & VCL	■	■																
Hiring a STTA	BDS	■	■																
Development of Operational and management plan	STTA	■	■																
Training on equipment management and maintenance		■	■																
Development of procurement plan for spares and consumables		■	■																
Training of tractor drivers (recycling)		■	■																
Capacity Building of ACOF Managers	VCL		■	■	■	■													
Cost effectiveness	STTA/Gapi		■	■	■	■													
Planning & Controlling			■	■	■	■													
Personal Productivity			■	■	■	■	■												
Become more effectively manager			■	■	■	■	■												
Leading team			■	■	■	■	■												
Coaching	Supervisor		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Support on Branding Development	Supervisor	■																	
Support on package design	STTA		■	■	■	■	■												
Support on branding strategy and brand registration	STTA			■	■	■	■	■	■	■	■								
Monitor the grants process	Supervisor	■	■																
K. MADAL																			
Activity 2.1: Develop Value Chain-Focused, Private Sector-Run Agribusiness Service Clusters																			
Support ACOF's outgrowing and seed production program																			
Support the outgrowing scheme	Supervisor	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

multiplication (MD2)														
Support on field management	VCL													
Integrate Pest Management	VCL													
Technical support of fertilizer procurment	VCL													
1.2. Built capacity on MD2 multiplication														
Land preparation	VCL													
Seedlings selection	VCL													
Field management	VCL													
Flowering induction														
Harvest and post-harvest	VCL													
Agochemical management	VCL													
M. World Vision:														
Activity 2.2: Roll-Out and Expand Farmer Owned Service Centers														
2. Technical assistance to smallholders - local pineapple														
Support the development of larger pineapple field - commercial fields	VCL & Trainee													
Technical support on field management and post-harvest	VCL & Trainee													
Safety agrochemical management	VCL & Trainee													
T-oT of local growers and collecting points establismnet	VCL & Trainee													
New technologies promotion	VCL & Trainee													
N. HORFPEC														
Activity 2.2: Roll-Out and Expand Farmer Owned Service Centers														

**Component 2: Expand and Strengthen Agribusiness Development Services
Beira Corridor**

Activities	Deliverables	Responsible Party	FY 2012											
			O	N	D	J	F	M	A	M	J	J	A	S
A. PRIO FOODS														
Training in the areas of (production management, budgeting, balance sheet)		Technical												
Preparation of business plans for EF		VCL												
Liaison with financial institutions (access to credit)		VCL												
Liaison with the market		PRIOFOODS/ VCL												
Connect with providers of agricultural services (seeds, pesticides, fertilizers, etc ... eg this is a ASC)		VCL												
Sensitization of new emerging producers and small producers		STTA/ Technical												
Technical assistance (sowing, harvesting new technologies and post-harvest and mapping etc ...)		Technical												
Mounting field trials/ plots		Technical												
Support the process of acquiring DUAT (for areas up to 10 ha)		STTA/ VCL												
Implementation of the monitoring plan		M&E												
Strategic plan for SIWAMA		SIWAMA/ VCL												
B. BOM														
Mobilizing farmers to be organized in clubs		VCL/ BOM/ Technical												
Preparation of a handbook of sesame production techniques for technicians in the field		VCL/ STTA												
Concession of credit and saving services to smallholders through the mobile bank		BOM												
Implementation of the monitoring plan		M&E												
Facilitate the provision of different management trainings:		VCL												
Training on the bank loans		BOM												
Training in mapping areas of cultivation through GPS		BOM/ STTA												
Training on the cash crop production (business plans)		BOM												
Market Contract and linkages		BOM												
C. G & G VINSON														

Training in the areas of (production management, budgeting, balance sheet)		STTA																	
Assessing market opportunities		STTA -VCL																	
Developing a competitive strategy		STTA																	
H. Semente Nzara Yapera																			
Identification of new ECFs for next season and field measurement-GPS		VCL - Technical																	
Organization of working groups to facilitate the registration process and collection of production (list of producers in groups or individually)		STTA -VCL																	
Technical assistance (seed, new technologies, harvest and post-harvest ...)		Technical																	
Mounting field trials/ plots		Technical																	
Liaison with financial institutions (access to credit)		VCL																	
Implementation of the monitoring plan		M&E																	
Support the process of acquiring DUAT		STTA - Technical																	
Assistance in identifying markets		VCL																	
Connect with providers of agricultural services (seeds, pesticides, fertilizers, etc ... eg this is a ASC)		VCL																	
Preparation of business plans for EF		VCL																	
Training in the areas of (production management, budgeting, balance, equipment maintenance)		STTA																	
Assessing market opportunities		STTA - VCL																	
I. DOMBE COOPERATIVE																			
Support in identifying groups of EF within the association		Technical																	
Technical Assistance Production (land preparation, new production technologies, harvest and post-harvest, mapping areas of production)		Technical																	
Strengthen the organization's ability to function as a cooperative (important partner Kixiquila)		STTA - Technical																	
Mounting field trials/ plots		Technical																	
Liaison with financial institutions (access to credit)		VCL																	
Liaison with the market		VCL																	
Encourage the integration of new members (awareness campaign)		VCL - Technical																	

Promote the establishment of providers of inputs (in partnership with Solucao Machamba)		VCL - Technical																	
Demarcation of land for acquisition DUATs		STTA - Technical																	
Assist in the preparation of strategic plans and business plans		VCL - Technical																	
Connect with providers of agricultural services (seeds, pesticides, fertilizers, etc.)		VCL																	
Implementation of the monitoring plan & registration system		M&E																	
Capacity Building / Training (financial management, leadership, quality, etc)		STTA																	
Training and provision of grant for animal traction		STTA																	
Introduction of conservation agriculture (CLUSA) and peanuts as crop rotation		SA Groundnuts Marketing																	
Support for the establishment of seed bank		VCL																	
Evaluation Cooperative's using the method of Procap Index		M&E - Technical																	
J. MUSSORIZE ASSOCIATION																			
Transforming groups / clubs already identified producers in associations		Technical																	
Supporting the process of registration of associations		STTA - Technical																	
Technical assistance to production (land preparation, new technologies of production, harvest and post-harvest, mapping areas of production)		Technical																	
Mounting field trials/ plots		Technical																	
Liaison with the market		VCL																	
Liaison with the Agriculture Provider services (seeds, pesticides, fertilizers)		VCL																	
Liaison with financial institutions		VCL																	
Support in identifying groups of EF within the association		Technical																	
Assist in the preparation of strategic plans and business plans		STTA - Technical																	
Promote the establishment of providers of inputs (in partnership with Solucao Machamba)		VCL - Technical																	
Introduction of conservation agriculture (CLUSA) and peanuts as crop rotation		SA Groundnuts Marketing																	
Implementation of the monitoring plan and registration		M&E																	

Implementation of the monitoring system records		M&E																		
Assist in the preparation of strategic plans and business plans		STTA - Technical																		
Promote the establishment of providers of inputs (in partnership with Solution Machamba)		VCL - Technical																		
M. Dengo Comercial																				
Identifying new emerging producers for contract production		VCL - Technical																		
Technical assistance (sowing, harvesting new technologies and post-harvest and mapping etc.)		STTA - Technical																		
Training in the areas of (production management, budgeting, balance, equipment maintenance)		STTA																		
Mounting field trials/ plots		Technical																		
Liaison with the market		VCL																		
Support construction of a warehouse for processing and storage of seed		VCL																		
Implementation of the monitoring system records		M&E																		
N. Evertz - Gouda Gold																				
Sensitization to the integration of new members in soybean production		VCL - Technical																		
Organization of producer groups to facilitate the registration process and collection of production (list of producers or group or individual)		VCL - Technical																		
Technical assistance (sowing, harvesting new technologies and post-harvest ...)		Technical																		
Training in the areas of (production management, budget, balance sheet)		Technical-STTA																		
Facilitation of market for the production of animal feeds		VCL																		
Connect with providers of agricultural services (seeds, pesticides, fertilizers, etc ... eg this is a ASC)		VCL																		
Implementation of the monitoring plan		M&E																		

Component 3: Build Linkages to Financing Services for Agribusiness Development

Nacala Corridor

Partner and Activities	Responsible Party	FY13												Comments
		O	N	D	J	F	M	A	M	J	J	A	S	
A. 18 FOSCs in Partnership with SANA														
Component 3: Build Linkages to Financing Services for Agribusiness Development														
Capacitação em Alfabetização e Educação Financeira	ASSM/VCL													
Capacitação dos órgãos directivos														
Capacitação dos membros														
Acompanhamento														
Activity 3.1: Help Agribusiness Firms Access Financing														
Financial Literacy	ASSM/VCL													
Education on Financial Literacy														
Promotion of saves and credits														
Establishment of Groups of Saving and Credits within cooperative members														
Coaching														
B. 6 FOSCs in Partneship with ProSoja														
Activity 3.1: Help Agribusiness Firms Access Financing														
Support Coops on getting Working Capital	VCL & Gapi													
Develop Working Plan for Season 2012/13	STTA													
Negotiate Working Capital Loan with financial sources	VCL													
C. IKURU														
Activity 3.1: Help Agribusiness Firms Access Financing														

Link to financial sources in order to get investment and working capital	VCL & POC													
D. CORREDOR AGRO LDA														
Activity 3.1: Help Agribusiness Firms Access Financing														
Link CAL to new financial sources														AGRA/Standard Bank
E. OLINOTU														
Activity 3.1: Help Agribusiness Firms Access Financing														
F. GRAMITER														
Activity 3.1: Help Agribusiness Firms Access Financing														
Preparation of the loan application plan	VCL/STTA													
Linking with financial sources	VCL													